APPENDIX 1: DEFINITIONS

Budgetary Accounting: the system used to keep track of spending authority at various stages of budget execution, from appropriation through apportionment and allotment to obligation and eventual outlay.

Claim Rate: the ratio that expresses the historical percentage of insured loan amounts for which claims have been filed. This ratio is normally calculated for loans that originate in a given year.

Cohort: the group of loans that originate in a given year.

Component Entity: that part of a larger entity which can be distinguished by organizational or functional boundaries as separate from other parts of the larger entity.

Consolidated Financial Statements: present the transactions and balances for a reporting entity's components in a single column, with the amounts among the component entities eliminated.

Internal Use Software: (from SFFAS 10, *Accounting for Internal Use Software*) software that is purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to meet the entity's internal or operational needs.

Intragovernmental Transaction: a transaction between governmental agencies in payment for goods or services provided and received.

Intra-HUD Transaction: an intragovernmental transaction in which HUD is both the providing agency and the recipient agency.

Liquidity of Capital: the ability and ease with which assets can be converted to capital for the purpose of reinvestment.

Loan Guarantee: in HUD, this is insurance to the mortgagee or lender that the outstanding loan amount will be paid, even if the mortgagor defaults on the loan.

Loss Rate: the ratio that expresses the historical percentage of claim amounts that have been paid. This ratio is normally calculated for claims filed against loans that originate in a given year.

Memorandum Accounts: supplemental USSGL accounts that are used for tracking and reconciling purposes.

Pooling of Loans: a group of loans held in trust as collateral for the issuance of a security.

Proprietary Accounting: the same as financial accounting, used to record assets and liabilities not tracked in budgetary accounting and to present financial position and results of operations.

Reclassification: a Journal Voucher entry that adjusts account balances without a corresponding transaction in the accounting system.

Short Sales Claim: a claim made by the holder of a loan against the insurer for losses due to the short sale of the collateral property. A short sale occurs when a property is transferred to the mortgagee prior to foreclosure, usually without repayment of the mortgage by the mortgagor. This process allows the mortgagee to sell the property more quickly than if the mortgage had gone to foreclosure. The mortgagee may file a claim, if all other factors are in order, for any loss due to the short sale of the property.

Software: (from SFFAS 10, *Accounting for Internal Use Software*) the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program.

Unpaid Principal Balance (UPB): for loans owned by an entity, the total of the original principal amount of all loans, less any amounts of principal that have subsequently been paid.

Working Capital Fund (WCF): a financial instrument used to finance certain types of activity within an agency by transferring appropriated funds from component entities within the agency. Often the WCF is used to finance information technology (IT) projects and project maintenance.